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I. There is a substantial area of agreement between the Var Department plan and the Modermack plan as modified. Under both, there is to be a sational intelligence authority, composed of the Secretaries of State, Var. and the Mavy, having the function of caerdinating intelligence activities of governmental agencies. Under both, there is to be a single emountive officer appointed by the Authority and removable by vote of a unjoint of the members of the Authority.

2. Beyond this areasof agreement, however, there is a basic difference in concept between the two plans. The Var Department plan contemplates an Agency under the supervision of the Authority, having certain operating functions, in addition to eserdinating functions, and being independent of any regular Covernment department. The State Department plan does not provide for an independent agency under the direction of the Authority, and contemplates that the Authority will exercise its coordinating functions through interdepartmental counitiess. Under the State Department plan, the organization would have no operating functions in the first instance, although the Authority might emissions the establishment of certain operations of common



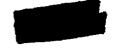
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interest where it determined that such operations could not be satisfacturily carried out by the existing intelligence agencies. Since there is to be no independent central organization, under the State Department plan personnel are to be furnished by the State, Var and Navy Departments, and the key personnel, at each level, are to be officials of the State Department. A combination of each details given the State Department proposal the flavor of a project in which the State Department has primary interest and responsibility.

3. Substantially all the differences between the State Department plan and the War Department plan extend from this basis difference in concept. The principal differences are thought to be as follows:

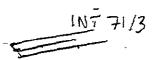
a. Difference in functions. The War Department plan assigns to the contral organisation two definite operating responsibilities, subject to the right of the Authority to decentralise any such operations to the extent deemed advisable. These operating functions are direct procurement of intelligence by foreign exploses and counter-exploses and the accomplishment of the evaluation and synthesis of intelligence on a national level. The War Department plan, in this respect, was based on the belief that these two activities must be centralised to be perfected effectively. The assignment of these operating functions

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to the central organization would have the advantage of providing an immediate disposition for the OSS personnel now in the War Department and in the State Department and would permit these to continue their operations. It has been thought that unless these operations are centralized, the personnel taken over from OSS will lose interest and drop many from Government service.

Mr. McGormack has indicated generally that he is not willing to agree to an immediate centralization of employage and counter-espienage activities or of evaluation and synthesis. This would leave the OSS personnel taken over by the State Department, primarily the Research and Analysis Group, to continue as part of the State Department.

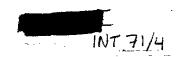
h. Difference in status of expentive officer.

Under the War Department plan, the chief executive officer would be an independent civilian, not an official of any of the three departments. Under the State Department plan, this official would be an employee of the State Department. Mr. McGermack feels that the identification of this official with the State Department is necessary to seeme State Department occupantion. There has been some

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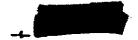
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opinion in the Var Department that the same factor might prevent cooperation on the part of the Var and Escy. Departments. There have been further suggestions in the Var Department that, even if this official in to be a State Department employee at the outset, the plan should parmit that he be an employee of any of the three departments, as the Authority might determine to be most appropriate at the time.

a. Difference in status of personnel. Under the Var Department plan, personnel would be hired directly by the centralized agency. Under the State Department plan, all personnel would be employees of the State, Var and Navy Departments and would be detailed by those departments to the National Intelligence Authority.

Kr. KoGermank believes that recruitment by the several departments will be easier than by a centralized agency. The Var Department proposal for centralized procurement of personnel was based on the belief that this would insure their being responsible and level to the central agency, which would have the right to hire and fire and would have the advantage of providing increased stability of personnel and of offer Mal careers to persons interested in high-revel intelligence.



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Differences in departmental consultation The Yar Department plan cells for the establishment of a National Intelligence Board consisting of the head of State Department intelligence, the War Department 0-2, the Assistant Chief of Air Staff-2, the Director of Maral Intelligence, and perhaps the Director of the Federal Beress of Investigation, to assist the chief emention officer of the emiralised agency, to be consulted by him on all important desistens and to previde the channel through which the several departments might demand intelligence from and exchange intelligence with the controlized agency. The purpose of this Board was to make the chief intelligence officers of the several departments responsible for the efficient operation of the centralized agency, in order to insure adequate cooperation. The State Department plan calls for the establishment of 2 advisory groups, one for intelligence and the other for security intelligence; the first to consist of the chief intelligence officers of the State, Var. and Fary Departments, or their representatives, and the second to orneist of the chief intelligence officers of the Ver Department and the Mavy Department; and representatives from Francis and Mil. Although the plane are somewhat similar in this respect, the Yar Department view has

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that its plan tends to make the chief intelligence officers of the War, State and Mavy Departments more directly concerned with and responsible for support of the national organization. Mr. McCormack has indicated that he is willing to let the War and Mavy Department views control on this matter.

There are a number of other features of the State
Department plan with which the Var Department is in agreement,
and there are a number of ambignities that could prefitably
be resolved. For example, there has been opposition in the
Your Department to the proposal that committees shall be the
primary means by which the Estional Intelligence Authority
carries out its functions. AS a further example there has
been disagreement with the State Department definition of
intelligence and counter-intelligence, these matters are not of suffi

4. The principal argumente in favor of shopting to state Department proposal, with such modifications as may be obtained by negotiation, are as follows:

a. that course will permit the prompt establishment of a Matichal Intelligence Authority which can issue directives to the unisting agencies and thus permit intelligence work to be carried on while the organization of the Matichal Intelligence Authority is being created on the basis of experience.

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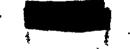


b. Since legislation will be required within a year if an independent agency is to be established, as contemplated by the Var Department plan, it is advisable to have some form of national anthority established as promptly as possible in order to gain as such experience as possible before submitting legislation.

a. The State Department proposal will probably allow a national authority to get underway with less publicity and controversy in the press than would be involved in the establishment of an independent agency.

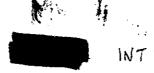
d. Acceptance of the State Department plan would avoid a controversy between the State Department on the other hand, one hand and the War and Many Departments on the other hand, which would require reference to the President for settlement.

a. /Hr. McGormank or some other State Department official is to be given the job of shief amountive officer of the National Intelligence Authority, it may be preferable to permit him to function, at least at the outset, under the type of erganization which he favore, rather than one imposed on him by the War and Navy Departments. This will allow the clear fixing of responsibility in the event of the speccess or failure of the organization during the preliminary phases.



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5. If it is decided to accept the State Department proposal in principle, there are certain concessions which should be obtained. These concessions are as follows:

Intelligence Authority should be assented to provide that synthesis and evaluation on a national level and direct procurement of intelligence by foreign espionage and counter espicaage are recognised as functions of the Maticmal Intelligence Authority, subject to the right of the Authority to direct that any of such operations should be decentralised if that course appears more appropriate at any time. This administrative will provide the Maticmal Intelligence Authority with substantially the same mission as that contemplated by the Var Department plan. If the mission is clearly defined, it is believed that the organization will evolve eventually into the type best fitted to the accomplishment of the mission.

h. A provision should be inserted in the McGerman's plan to the effect that the assentive searctary shall consider the advisability of legislation establishing an disdependent Gentral Intelligence Agency under the direction of the Authority, with an independent budget, and shall make recommendations thereon to the Authority. This will prevent the War and Mavy Departments from being foreclosed on the matter of organization and will parmit the organization

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ing that a decision is made to proceed on the basis of the accordance proposal, it is believed that these tropocasions and sound be sound as with setters, but that the Mar Department

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a. Paragraph 12 of the McGermack proposal, dealing with Advisory Groups, should be medified to provide that there shall be only one such group which shall have generally the composition and functions of the Mational Intelligence Board as outlined in the Mar Department plants medification is thought necessary to insure that the chiefs of the intelligence agencies of the several departments will actively support the Authority.

Total This exendent is added at the suggestion of General Brownell, who considers it vitally necessary.

The Secretary of War inform its McGormack that the War Department will accept the State Department proposal

two exendments specified in paragraph

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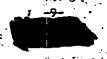
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to be restmiled and developed in the light of experience, language ing that a decision is made to proceed on the basis of the selections are the proposal, it is believed that these to concessions should be sought as vital matters, but that the War Department can afford to accept the State Department proposal at the outset in all other respects.

from the State Department proposal, even with concessions from the State Department on all the principal differences refer red to in paragraph 3 shows, will still not be the equivalent of the war Department plan, particularly in the matter of independence, from the existing Governmental departments and in the matter of procurement and control of personnel. In determining whether to accept the l'oformack plan, with concessions, or to insist upon acceptance of the War Department plan, the attitude of the Many should be considered. The Many Department, is not the Many should be considered. The Many Department should insist upon the War Department plan and that the Mantger should be carried to the President. If the War Department is to adopt any different attitude, its actions should be carefully coordinated with the Many.

7. The recommendation of the committee is as follows:

That, subject to agreement by the Navy Department
The Secretary of War inform its accordance that the Mar
Department will accept the State Department proposal
subject to the two asendments specified in paragraph





above; and that if Mr. NoGormack refuses to make such concessions, the Secretary of War and the Secretary of the Mavy join in submitting the War Department plan directly to the President for his approval, after notifying the State Department that such action is to be taken. This recommendation is made in the interest of reaching an agreement, although the Committee believes the War Department plan is preferable to the plan proposed by the State Department, even with the concessions specified.

[ALTERNATIVE]

That the Secretary of Var join with the Secretary of the Many in submitting the War Department plan directly to the President for his approval, after notifying the State Department that such action is to be taken.

